

September 27, 2013

To: Executive Board

Subject: **August 2013 Financial Statements and Investment Summary**

Recommendation

Receive and file the August Financial Statements and Investment Summary for Fiscal Year 2014.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the fiscal year ending June 30, 2014.

Foothill Transit's cash position of \$66 million is \$5.3 million less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include \$1.8 million of capital expenditures exceeding capital revenues in August, a \$6.2 million increase in amounts due from other governments, an increase in accounts receivable and other assets of \$190,000 and a decrease in deferred revenue \$492,300. Sources of cash include excess operating revenues of \$3.29 million and a \$232,000 increase in accounts payable.

August 2013 year-to-date fare revenues were \$2.89 million, which is \$227,000 or eight percent more than the budgeted amount. The August 2013 year-to-date revenue is just under \$92,200 (3.1 percent) less than the August 2012 year-to-date revenue. In part, the variation can be attributed to the timing of receipt of various fare revenues, such as EZ Transit pass, TAP Cash purse and passes sold through TAP service centers. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs through August were \$10.6 million, which is \$1.69 million less than the budget. These costs are \$223,000 or two percent less than in fiscal year 2013 through August 2012. The variance is mainly due to costs savings on the operations and maintenance, fuel and administrative cost which are below budgeted amounts. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of August 31, 2013 shows total assets at \$232.3 million. This total consists primarily of \$147 million in fixed assets and \$66 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the Local Agency Investment Fund (LAIF); \$26.7 million in non-interest bearing accounts held with Bank of the West; \$21.5 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.99 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills. The current interest rates on these accounts are included on Attachment A.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of August 2013 was 0.24 percent; slightly less than the previous month's rate of 0.245 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in almost five years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$6.1 million. The amounts payable include \$3.9 million due First Transit for May and June service; fuel costs of \$804,500; Monrovia Dial-A-Ride service of \$109,000 and \$1,021,700 for capital projects.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

August 2013 year-to-date fare revenues were \$2.89 million. As previously stated, the August year-to-date revenues are \$65,100 more than the previous month. This revenue amount is 3.65 percent more than the budget. The year-to-date revenue for August is slightly more than the budget forecasted. Usually these numbers are lower than the monthly budget because of the fact that revenues are typically lower in July and August during the summer vacation months.

Revenues are tracking very close to prior year amounts indicating stable ridership.

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State and Local Funding Subsidies of \$11.2 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 20.32 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

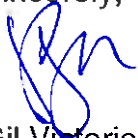
Expenses

Operating expenses through August 2013 were \$10.6 million, compared with the year-to-date budget of \$12.3 million. This difference of approximately \$1.68 million resulted in a 13.7 percent favorable variance. As stated earlier, this was mainly due to the savings on operating and maintenance, fuel and administrative costs.

Farebox Recovery Ratio

The August year-to-date farebox recovery ratio was 27.2 percent; 0.04 percent higher than the performance target of 25.83 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$2,886,313 by the total operating expense figure of \$10,611,105. This ratio is 0.1 percent lower than the August 2013 figure of 27.49 percent.

Sincerely,



Gil Victorio
Interim Finance Director



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of August 31, 2013

Assets

Current Assets:

Cash	\$ 41,948,257
Investments	24,083,728
Due from government agencies	14,472,290
Other receivables	2,866,208
Other assets	2,596,926
Total Current Assets	<u>85,967,409</u>
Property & Equipment (net of depreciation)	147,075,642
Total Assets	<u><u>\$ 233,043,051</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,104,317
Deferred Revenue	<u>51,189,700</u>
Total Liabilities	<u>57,294,017</u>

Equity

Fund Balance:	
Investment in Capital Assets	147,075,642
Current Year Change	3,290,450
Surplus	25,382,942
Total Equity	<u>175,749,034</u>
Total Liabilities and Equity	<u><u>\$ 233,043,051</u></u>

Summary of Cash and
Investment Account
For August 31, 2013

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	8,834,050	8,834,050
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	10,963,029	10,963,029
Bank of the West-Money Market	0.240%	Demand Deposit	7,015,794	7,015,794
Bank of the West-Money Market	0.240%	Demand Deposit	4,919,710	4,919,710
Bank of the West-Money Market	0.240%	Demand Deposit	9,558,525	9,558,525
Bank of the West-CTAF ³ Fund	0.090%	Demand Deposit	655,249	655,249
Bank of the West-Money Market	N/A	Demand Deposit		
Subtotal Cash on Hand			<u>41,948,257</u>	<u>41,948,257</u>
Unrestricted Investments:				
Chase Business Saving	0.150%	Demand Deposit	5,048,821	5,048,821
Bank of the West-CDARS	Var	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	Var	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.240%	Demand Deposit	10,048,930	10,048,930
Subtotal Unrestricted Investments			<u>24,083,728</u>	<u>24,083,728</u>
Total Cash and Investments			<u><u>66,031,986</u></u>	<u><u>66,031,986</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended August 31, 2013

	Actual August-13	Budget August -13	Variance Favorable (Unfavorable)	Actual August - 12
Operating Revenue				
Farebox	\$1,750,628	\$1,850,000	(5.37%)	\$1,897,701
Pass Sales	458,728	516,667	(11.21%)	500,358
TAP Cash Purse	408,011	18,033	2162.61%	341,126
MetroLink & Access Service	87,939	83,333	5.53%	44,602
EZ Transit Pass	181,007	316,667	(42.84%)	194,768
Total Operating Revenue	2,886,313	2,784,699	3.65%	2,978,555
Non-Operating Revenue				
Transportation Development Act	3,471,652	3,085,600	12.51%	2,906,874
STA	652,212	652,217	(0.00%)	676,676
Prop A 40% Discretionary	2,247,326	2,247,333	(0.00%)	2,171,046
Prop A 40% BSCP	716,546	716,450	0.01%	653,126
Prop C BSIP	143,412	143,333	0.05%	140,738
Prop C Base Restructuring	308,034	308,000	0.01%	302,290
Prop C Transit Service Expansion	51,332	51,333	(0.00%)	50,374
Prop C-40%Discretionary/BSCP	1,669,486			
Transit Security-Operating	131,774	131,767	0.01%	118,100
Measure R Operating	1,558,684	1,558,683	0.00%	1,314,384
FTA Sec 5307 Operating				
CMAQ Operating		166,667	(100.00%)	
Gain on Sale of Fixed Assets				
Auxiliary Revenue	253,123	250,000	1.25%	217,902
Total Non-Operating Revenue	11,203,581	9,311,383	20.32%	8,551,510
Total Revenue	14,089,893	12,096,083	16.48%	11,530,065
Available Capital Funding				
Capital Grants	1,314,799			304,451
Other				
Total Revenue and Capital Funding	15,404,693	12,096,083		11,834,516
OPERATING EXPENSES				
Operations	9,086,753	9,797,936	7.26%	9,414,405
Maintenance & Vehicle Technology	82,692	146,870	43.70%	
Marketing and Communications	192,598	333,394	42.23%	164,459
Information Technology	176,469	341,520	48.33%	186,504
Administration	352,905	334,678	(5.45%)	215,981
Procurement	31,365	149,422	79.01%	66,125
Sales and Service	336,969	312,474	(7.84%)	294,772
Finance	104,966	229,718	54.31%	216,869
Safety and Security	67,437	171,772	60.74%	91,477
Planning	89,824	328,524	72.66%	86,298
Building Management & location 61	89,127	150,086	40.62%	97,252
Total Operating Expenses	10,611,105	12,296,394	13.71%	10,834,142
Capital and Other Expenses				
Capital	1,377,957		N/A	304,208
Interest			N/A	
Dial-A-Ride	112,207		N/A	55,000
Special Services	12,974		N/A	
Other Misc. expense			N/A	
Total Capital and Other Expenditures	1,503,138		N/A	359,208
Increase (Decrease) of Revenues Over Expenditures	\$ 3,290,450			\$ 641,166